

Presented pursuant to Industrial Organisation and Development Act 1947 10 and 11, c.40, s.9(4)

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# Wool Levy Account 2005-2006

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 20 JULY 2006

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## Foreword

Under the powers conferred by Section 9 of the Industrial Organisation and Development Act 1947 the following order has been made imposing levies on the wool textile industry for the purpose of financing the promotion of export trade:

The Wool Textile Industry (Export Promotion Levy) Order 1970, SI No 348 as amended by SI 1971, No 880 and further amended by SI 1982, No 485.

These levies are payable half-yearly by firms in the woollen yarn and wool industry. Amounts are based on a percentage of the annual salary costs for wool processors and the weight of wool handled by raw fibre suppliers. Monies received are paid into a deposit account kept by HM Paymaster General. Funds are periodically issued from this account to the National Wool Textile Export Corporation.

Under Section 9(4) of the Act the Secretary of State is required in respect of each financial year to prepare, in such form and manner as HM Treasury may direct, accounts for audit by the Comptroller and Auditor General of the sums recovered under orders made under that section and of the disposal of those sums. These accounts record the transactions in the financial year 2005-2006.

As required under Section 9(5) of the Act the body to whom sums are issued under Section 9(3) prepare and send to the Secretary of State a statement of their Annual Accounts together with a copy of any report made by their auditors, and these are laid before Parliament.

*Sir Brian Bender KCB*  
Principal Accounting Officer  
and Permanent Secretary

17 July 2006

## Statement of Accounting Officer's responsibilities with respect to Financial Statements

Under Section 9(4) of the Industrial Organisation and Development Act 1947 the Secretary of State is required to prepare a statement of accounts for each financial year in a form directed by HM Treasury. The accounts are prepared on a cash basis and must properly present the receipts and payments for the financial year and the balances held at the year end.

HM Treasury has appointed an Accounting Officer for the account. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable, and for the keeping of proper records, are set out in the Accounting Officer's Memorandum issued by HM Treasury and published in *Government Accounting*.

## Statement on Internal Control

### Scope of responsibility

- 1 As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Wool Textile Industry Export Promotion Levy's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

The Business Relations Directorate within the Department jointly maintains policy responsibility for the wool levy with UK Trade & Investment (UKTI). Amey Accounting and Business Services administer the levy on behalf of the Department with Finance and Resource Management (FRM) Directorate maintaining oversight of the process. Levies are payable half-yearly by firms in the woollen and wool industry. Amounts are based on a percentage of the annual salary costs for wool processors and the weight of wool handled by raw fibre suppliers. Monies received are paid into a deposit account kept by HM Paymaster General. Funds are periodically issued from this account to the National Wool Textile Export Corporation.

### The purpose of the system of internal control

- 2 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the Wool Textile Industry Export Promotion Levy for the year ended 31 March 2006 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### Capacity to handle risk

- 3 In 2006-2007, Amey intend to re-perform the levy calculations by obtaining the published accounts and pay records of the companies concerned. This will assist the identification of any overpayments or underpayments that companies might have made and enable corrective action to be taken. FRM will maintain appropriate oversight of Amey's work in relation to the verification of the levy calculations. These procedures should enable the risks around administering the levy to be appropriately managed.
- 4 Amey have their own established risk management procedures in place and work in partnership with the Department to jointly manage shared risks. In DTI, general guidance on risk management is available to staff through the Risk Management Intranet site. This site includes the Department's risk management policy and has specific guidance on undertaking risk self-assessment. Risk management workshops are available to all staff and practical guidance on its application has been incorporated into a wide range of internal training courses that staff in DTI can attend. These courses cover all ranges of staff and are tailored to be appropriate to their authority and duties.

The Department has also sought to integrate and embed risk management within individual performance management and personal development processes. This resulted in a revision to the Personal Achievement Plan template for 2005-2006 that incorporates risk management within it. This means that consideration of risks and development of plans to manage them are an integral part of the individual performance management process for all DTI management and staff.

## The risk and control framework

- 5 The risk management framework operates, within the Department, through the initial identification of risks that threaten achievement of objectives. These risks are then evaluated in terms of impact and probability. Consideration is then given to the actions required to effectively manage each risk. This process establishes the level of residual risk against which the Department is exposed which is monitored over time.

## Review of effectiveness

- 6 As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the results of my review of the effectiveness of internal control by the Management Board, the Audit and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

There were no significant internal control issues during the course of 2005-2006.

*Sir Brian Bender KCB*  
Principal Accounting Officer  
and Permanent Secretary

17 July 2006

# The Certificate of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on page 8 for the year ended 31 March 2006 under section 9 of the Industrial Organisation and Development Act 1947. These financial statements have been prepared in the form and on the basis determined by Treasury.

## Respective responsibilities of the Accounting Officer and Auditor

The Accounting Officer is responsible for preparing the Foreword and the financial statements in accordance with the Industrial Organisation and Development Act 1947 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements properly present the receipts and payments and are properly prepared in accordance with section 9 of the Industrial Organisation and Development Act 1947 and Treasury directions made thereunder. I report whether in all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them. I also report if, in my opinion, the Accounting Officer has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Foreword and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to other information.

I review whether the statement on pages 4 to 5 reflects compliance with Treasury's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's Statement on Internal Control covers all risks and controls or form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

## Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the judgements made by the Accounting Officer in the preparation of the financial statements.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the receipts and payments have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.



## Opinion

In my opinion

- the financial statements properly present the receipts and payments of the Secretary of State for Trade and Industry for the year ended 31 March 2006 and have been properly prepared in accordance with section 9 of the Industrial Organisation and Development Act 1947 and directions made thereunder by Treasury; and
- in all material respects the receipts and payments have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

*John Bourn*  
Comptroller and Auditor General

18 July 2006

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# Account of the receipts and payments of the Secretary of State for Trade and Industry for the year ended 31 March 2006

## Wool Textile Industry (Export Promotion Levy) Account

	<b>2005-2006</b>	2004-2005
	<b>£</b>	£
<b>Receipts</b>		
Balance at 1 April	<b>20,930</b>	5,760
Levies collected	<b>195,791</b>	212,470
	<b><u>216,721</u></b>	<u>218,230</u>
<b>Payments</b>		
To the National Wool Textile Export Corporation	<b>211,842</b>	197,300
Bank charges	<b>32</b>	0
Balance at 31 March	<b>4,847</b>	20,930
	<b><u>216,721</u></b>	<u>218,230</u>

Note: in 2005-2006, five claims totalling £6,412.89 were abandoned as irrecoverable from companies in liquidation or receivership.

*Sir Brian Bender KCB*  
Principal Accounting Officer  
and Permanent Secretary

17 July 2006

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